

**UNITED STATES DEPARTMENT OF AGRICULTURE**

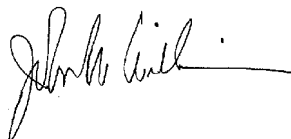
Farm Service Agency  
Washington, DC 20250

**Notice FI-2554**

**For:** State and County Offices

**Centralization of Additional Debts from Field Offices to KCFO**

**Approved by:** Deputy Administrator, Management



**1 Overview**

**A**

**Background**

The Debt Collection Improvement Act of 1996 (DCIA) requires all Federal agencies to refer debts older than 180 calendar days to the Department of Treasury for debt collection action. FSA has been referring delinquent debts to the Treasury Offset Program since 1997 and to a Treasury Debt Collection Center for cross-servicing since 1999. The only exceptions to referral for cross-servicing that DCIA allows are debts:

- in active litigation (including bankruptcy)
- in active appeal status
- that can be paid in full by internal administrative offset within 3 years of the date of indebtedness.

All debts eligible for cross-servicing must be centralized in Kansas City for subsequent referral to Treasury.

**B**

**Purpose**

This notice advises State and County Offices that there are still eligible claims remaining in the field that must now be transferred to KCFO for referral to Treasury. FSA will **not** be in compliance with DCIA until this centralization and referral process is complete.

**Disposal Date**

May 1, 2003

10-30-02

**Distribution**

State Offices; State Offices relay to County Offices

## 2 Action

### A Transfer to KCFO

State Offices are to comply with the July 15, 2002, memorandum issued by KCFO, Debt Management Division. State and County Offices are reminded to:

- review open claims to ensure that ineligible claims are properly flagged in the system and make all corrections by November 30
- transfer all claims eligible for cross-servicing to KCFO by November 30
- submit to the Director, KCFO, by November 30, a list and an explanation for claims that appear to be eligible for transfer but have not been transferred to KCFO.

This work must be completed no later than November 30, and all eligible claims **must** be transferred to KCFO by November 30, 2002.

In December, a report will be provided by the Director, FMD, to DAM, DAFP, and EDSO of eligible claims not transferred by November 30 for each State and County Office.

**Note:** Refer to previous FI notices and the memorandum of July 15, 2002, for current transfer instructions.

### B Eligibility Worksheet

Refer to Exhibit 1 to aid State and County Offices in determining eligibility for transferring debt to KCFO. If the steps outlined in Exhibit 1 are followed, FSA can ensure that all appropriate debt is centralized and all eligible debt is referred to Treasury.

### C Contact

Contact a claims representative of the KCFO, Debt Management Division at 816-926-1941 for questions about the following:

- this notice
- previous notices outlining transfer procedures
- previous memorandums requesting field assistance.

## Completing Eligibility Worksheet

### Worksheet

This worksheet aids State and County Offices in determining eligibility for transferring debt to KCFO.

Eligibility Worksheet		
Review all open claims to determine eligibility for transfer to KCFO. You may obtain a current list of open claims by accessing the Claims Main Menu: Option 7 (then access X-ref Claims Report).		
Step	Action	
1	Is the debt or debtor in Bankruptcy, Litigation, or Appeals? <input type="checkbox"/> Yes or <input type="checkbox"/> No <b>If Yes:</b> record referral in the Automated Claims System prior to November 30, 2002, and retain the debt in the field. <b>If No:</b> see Step 2.	
2	Is the debt over 3 years old? (date of indebtedness prior to 11/30/99) <input type="checkbox"/> Yes or <input type="checkbox"/> No <b>If Yes:</b> Verify the validity of the debt and transfer it to KCFO prior to November 30, 2002, following procedures outlined in previous FI Notices. <b>If No:</b> See Step 3.	
3	Is the debtor a participating producer? <input type="checkbox"/> Yes or <input type="checkbox"/> No <b>If No:</b> Verify the validity of the debt and transfer it to KCFO prior to November 30, 2002, following procedures outlined in previous FI Notices. <b>If Yes:</b> Use the following chart to determine if the debt can be paid in full within 3 years of the date of indebtedness.	
Total Original Amount of Debt		Remaining Balance Due
Collection or Forecasted Collection, in First Year of Indebtedness		
Collection or Forecasted Collection, in Second Year of Indebtedness		
Collection or Forecasted Collection, in Third Year of Indebtedness		
If the forecasted remaining balance due is going to be greater than 0 after the third year of indebtedness, transfer the claims now to KCFO, following procedures outlined in previous FI Notices. <b>Note:</b> Continue to analyze each debt for transfer eligibility. Current procedures require review and transfer to KCFO of all eligible debts as soon as they are 90 calendar days delinquent.		